

Annual results 2014

A year of transition marked by the securing of rents and the rebound in investments

The Board of Directors of Société de la Tour Eiffel met on March 4, 2015 under the chairmanship of Hubert Rodarie, and approved the accounts for FY 2014. The audit procedures on these accounts have been carried out. The certification reports are being issued.

Consolidated figures

	2014	2013
Consolidated turnover	€64.6m	€ 74.0m
<i>Of which rents</i>	<i>€ 51.9m</i>	<i>€ 61.5m</i>
Portfolio valuation excl. Transfer costs	€ 765m	€ 701m
Net financial debt	€ 370m	€ 327m
Net LTV	47.7%	46.2%
EPRA NNAV (in €/share)	58.2	58.1
Rental income	€ 51.9m	€ 61.5m
<i>LFL growth</i>	<i>-3.8%</i>	<i>3.3%</i>
<i>EPRA financial occupancy rate</i>	<i>89.6%</i>	<i>93.7%</i>
Current EPRA operating result	€ 40m	€ 47.3m
<i>% rents</i>	<i>77%</i>	<i>77%</i>
EPRA earnings	€ 24.6m	€ 28.0m
<i>IFRS net result (Group share)</i>	<i>-€ 1.0m</i>	<i>-€ 1.9m</i>
Recurring cash flow	€ 27.0m	€ 29.5m
<i>in €/share</i>	<i>4.3</i>	<i>4.7</i>

Turnover 2014

The consolidated turnover of Société de la Tour Eiffel amounted to € 64.6m at December 31, 2014, of which € 51.9m in rent, the balance being made service charges rebilled to tenants and the deferred revenue on the Nantes business park B2 building sale, sold by forward purchase agreement.

Two factors contributed to the evolution of rents in 2014:

- **The evolution of portfolio perimeter:**

- a. The group's buildings disposals amounted to close to € 200m in 2013 (-23.4%) and to approximately € 39m in 2014 (-4.8%). This results from the decision concerning the strategic refocusing of the portfolio on the Ile-de-France region carried out in FY 2013 and FY 2014, thereby raising the share of assets in the Paris region to 80%.
These disposals of buildings have had an impact on rents of -€ 9.6m;
- b. The acquisitions of buildings in Bagneux (July 2014) and Suresnes (October 2014) have had an impact of +€ 1.9m on the consolidated rents for 2014. These acquisitions will generate € 7.2m in additional revenue per year as of 2015 and are testimony to the new strategy implemented since mid-2014.

- **The evolution of rents:**

- a. The company engaged in a substantial proactive effort concerning leases renewals and rental flows securing, in particular on main components of its portfolio (Le Plessis-Robinson, Champigny-sur-Marne, Caen Colombelles). This work extended on nearly a third of the Company's total income. The average fixed term of leases (excluding parks) has now gained a year, reaching over 4.3 years;
- b. The balance of net rents on the existing portfolio has experienced a slight downturn (impact of lease extensions and the vacancy at the Rueil-Malmaison asset on September 30, 2014);
- c. The EPRA financial occupancy rate dropped from 93.7% at December 31, 2013 to 89.6% at December 31, 2014;
- d. The negative effect of indexing.

Portfolio value

The IFRS portfolio value, net of transfer costs, stood at € 765m at December 31, 2014, an increase of € 64m as compared to December 31, 2013. Disposals over the last two years represented approximately € 39m in 2014 and € 200m in 2013. In the second half of 2014, the group resumed investments, with € 108m (costs included) distributed on 2 office buildings located in Suresnes and Bagneux, offering respective performances of 6.5 % and 7.5 %.

At constant scope, the portfolio value is stable (-0.7%).

On the basis of this IFRS portfolio valuation, the Group's LTV was of 47.7% at December 31, 2014 and the EPRA Triple Net NAV reached € 58.2 per share as compared to 58.1 € per share at December 31, 2013, i.e. an increase of 0.2%.

Dividend

The Board of Directors will propose to the General Shareholders' Meeting the distribution of a dividend of € 3.0 per share, which will be paid out within the legal time limits.

Other highlights

The General Shareholders' Meeting of December 5, 2014 ratified the new composition of the Board of Directors and authorised it to carry out a capital increase.

The Board of Directors therefore has the possibility, if it deems appropriate, to open the capital to new investors, thereby allowing the Company to pursue its ambitious development plan and maintain its SIIC (REIT) status.

Outlook

In an economic context which calls for caution, the objective of Société de la Tour Eiffel is to double the size of its portfolio over the next 3 to 5 years. We are therefore approaching 2015 with ambition, but also with realism. This growth objective will be achieved by the acquisition of secured assets, developments on land both available and to be acquired, but also by external growth. We are willing to examine portfolios of assets or companies which are compatible and consistent with the existing portfolio.

Thus, as early as 2015, Société de la Tour Eiffel is once more on track for a growth trend in its cash flows.

"After the successful take-over bid by the SMA insurance group, Société de la Tour Eiffel now has, thanks to its increased financial resources and an ambitious roadmap, substantial prospects for growth and value creation", stated Philippe Lemoine, Managing Director of Société de la Tour Eiffel.

Agenda: May 28, 2015 – Annual General Shareholders' Meeting.

About Societe de la Tour Eiffel

A listed real estate investment company (SIIC) on NYSE Euronext Paris, the company pursues a strategy focused on the ownership and the development of quality offices capable of attracting a wide range of quality tenants. The company's portfolio stood at 800 million Euros for 400 000 sq.m of assets mainly located in the Paris region as at 31 December 2014. Societe de la Tour Eiffel is listed on NYSE Euronext Paris (compartment B) – ISIN code: 0000036816 – Reuters: TEIF.PA – Bloomberg EIFF.F. Indexes: IEIF Foncières, IEIF Immobilier France.

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Key figures

Portfolio

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EPRA key performance indicators

	31Dec2014	31Dec2013
Portfolio		
Portfolio value (excl. Transfer costs) (€m)	765.1	701.0
	765.1	701.0
	<i>of which IFRS portfolio value</i>	
EPRA NAV (*)	60.4	59.6
EPRA NNNNAV (*)	58.2	58.1
Results		
Rental income (€m)	51.9	61.5
Current operating profit (€m)	36.6	43.7
Net profit - Group share (€m)	-1.0	-1.9
Net profit - Group share per share (€) (**)	-0.2	-0.3
EPRA earnings	24.6	28.0
Cash flow and dividend		
Recurring Cash Flow (€m)	27.0	29.5
Recurring Cash Flow per share (€) (**)	4.3	4.7
Dividend per share (€)	0.0	3.3
Pay out Ratio (Dividend / recurring Cash flow)	0%	70%
Market capitalisation		
Number of shares (**)	6 328 181	6 253 916
Share price (€)	43.8	48.6
Market capitalisation (€m)	277.0	303.8
Financial structure		
Consolidated Equity (€m)	362.7	356.2
Shareholders' equity / Investment properties values	47.4%	50.8%
Gross finance debt / Shareholders' equity	1.1	1.0
Net Group LTV	47.7%	46.2%
EBITDA / Financial costs	2.5	2.3
Valuation ratios		
Cash flow multiple (Capitalisation / cash flow)	5.1	10.3

(*) fully diluted number of shares end of period

(**) number of shares end of period

EPRA key performance indicators

	2014	2013	Diff %
EPRA earnings (1)			
EPRA earnings in €m	24.6	28.0	-12.2%
EPRA earnings in € per share (**)	3.9	4.5	-13.6%

(1) EPRA earnings are defined as net recurring result coming from recurring activity.

The drop in the EPRA earnings mainly stems from the decrease in rental income due to the 2013 and 2014 asset disposals.

	31Dec2014	31Dec2013	Diff %
EPRA NAV and EPRA NNAV			
EPRA NAV in €m	382.1	371.0	3.0%
EPRA NAV in € per share (*)	60.4	59.6	1.3%
EPRA NNAV in €m	368.3	361.8	1.8%
EPRA NNAV in € per share (*)	58.2	58.1	0.2%

EPRA NNAV was impacted positively by the net recurring result (+€3.3 per share), by the contribution of treasury shares to the take over bid and exercise of options in 2014 (+€ 0.7 per share), and negatively by the property fair value adjustment(-€ 2.5 per share), hedging instruments fair value revaluation (- € 0.7 per share) and dilution (- € 0.9 per share).

	31Dec2014	31Dec2013	Diff %
EPRA yield (EPRA NIY)			
EPRA topped-up yield (2)	6.47%	7.44%	-13.1%
EPRA yield (3)	6.14%	6.95%	-11.6%

(2) EPRA topped-up yield (Net Initial Yield EPRA topped-up) : annual rent as at 31 December, not adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included

(3) EPRA yield (Net Initial Yield EPRA) : annual rent as at 31 December, adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included

	31Dec2014	31Dec2013	Diff %
EPRA vacancy rate (4)			
Portfolio up and let	10.36%	6.32%	63.8%

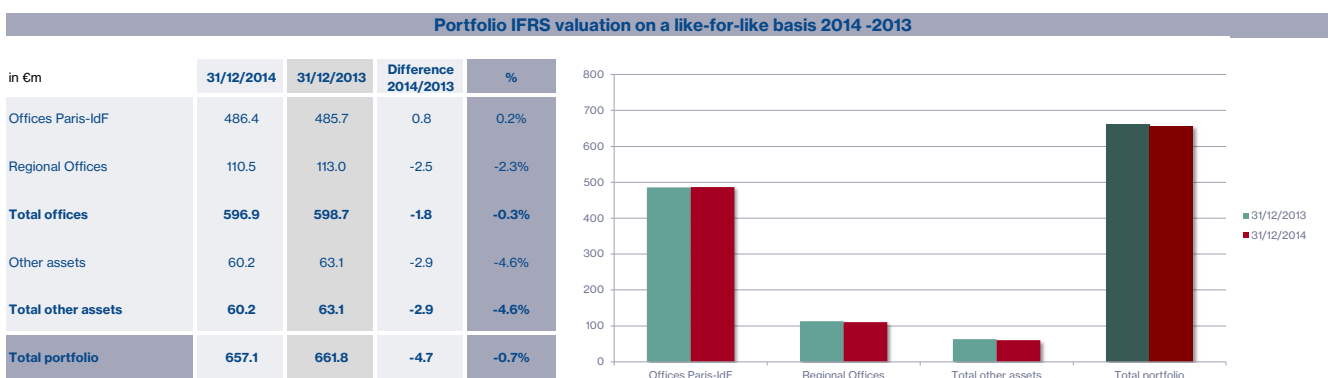
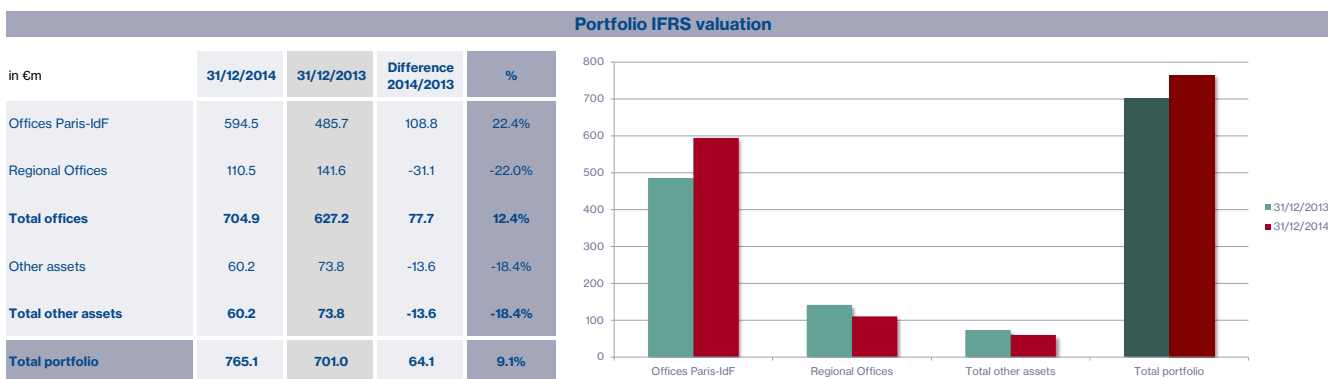
(4) EPRA vacancy rate : it corresponds to an end of period spot rate defined as the ratio between the vacant space market rent and the up and let global portfolio (net of developments and redevelopments) market rent.

(*) fully diluted number of shares end of period

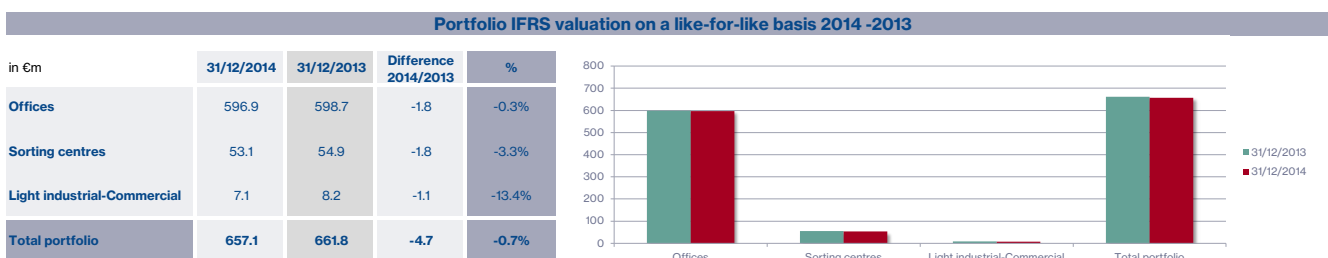
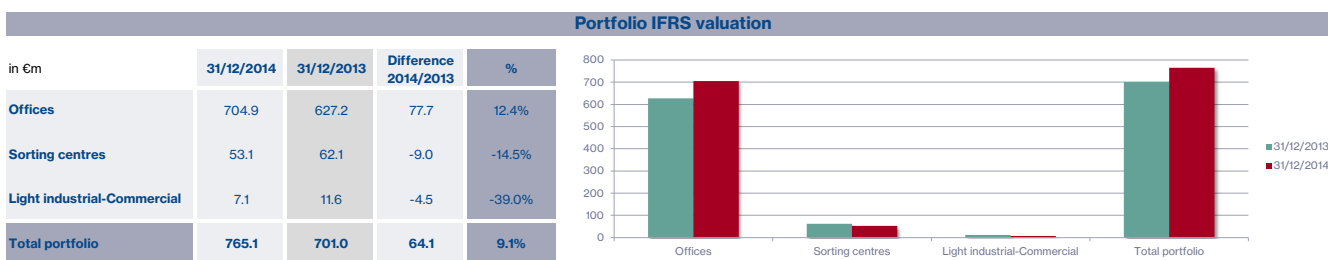
(**) number of shares end of period

Portfolio

Portfolio value variation: core & non core business



Portfolio value variation by type of assets



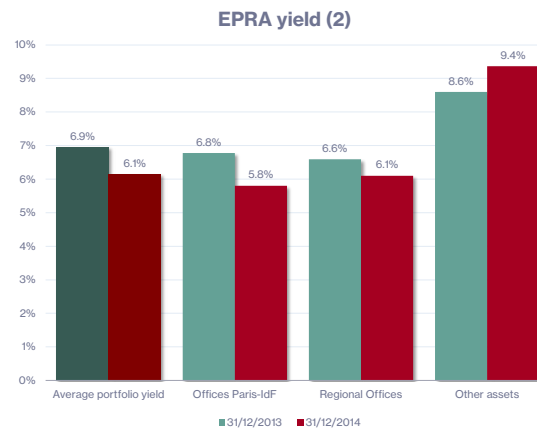
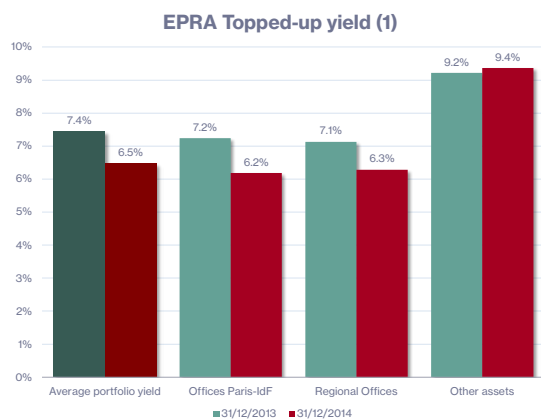
Portfolio value variation on a like-for-like basis = -0.7%

Amount of 2014 investments: € 108 m (rights included)/ Amount of 2014 disposals: € 39.2 m

Portfolio EPRA yield

EPRA Topped-up yield	31/12/2014	31/12/2013
Average portfolio yield	6.5%	7.4%
Offices Paris-IdF	6.2%	7.2%
Regional Offices	6.3%	7.1%
Total offices	6.2%	0.0%
Other assets	9.4%	9.2%
Total other assets	9.4%	9.2%

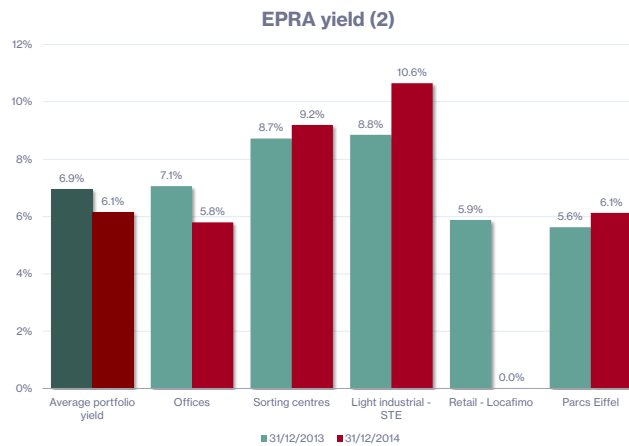
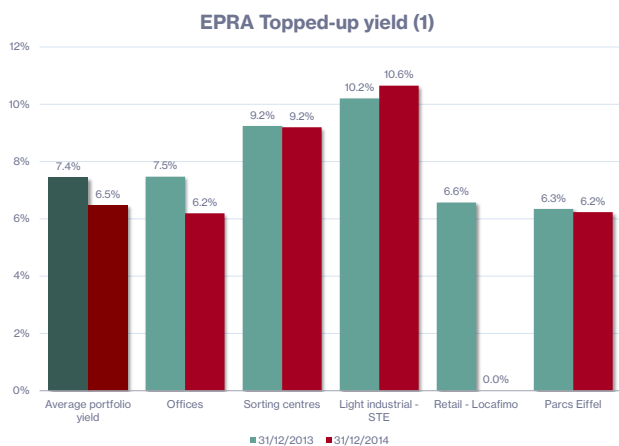
EPRA yield	31/12/2014	31/12/2013
Average portfolio yield	6.1%	6.9%
Offices Paris-IdF	5.8%	6.8%
Regional Offices	6.1%	6.6%
Total offices	5.8%	0.0%
Other assets	9.4%	8.6%
Total other assets	9.4%	8.6%



Portfolio EPRA yield by type of assets

EPRA Topped-up yield	31/12/2014	31/12/2013
Average portfolio yield	6.5%	7.4%
Offices	6.2%	7.5%
Sorting centres	9.2%	9.2%
Light industrial - STE	10.6%	10.2%
Retail - Locafimo	N/A	6.6%
Parcs Eiffel	6.2%	6.3%

EPRA yield	31/12/2014	31/12/2013
Average portfolio yield	6.1%	6.9%
Offices	5.8%	7.1%
Sorting centres	9.2%	8.7%
Light industrial - STE	10.6%	8.8%
Retail - Locafimo	N/A	5.9%
Parcs Eiffel	6.1%	5.6%

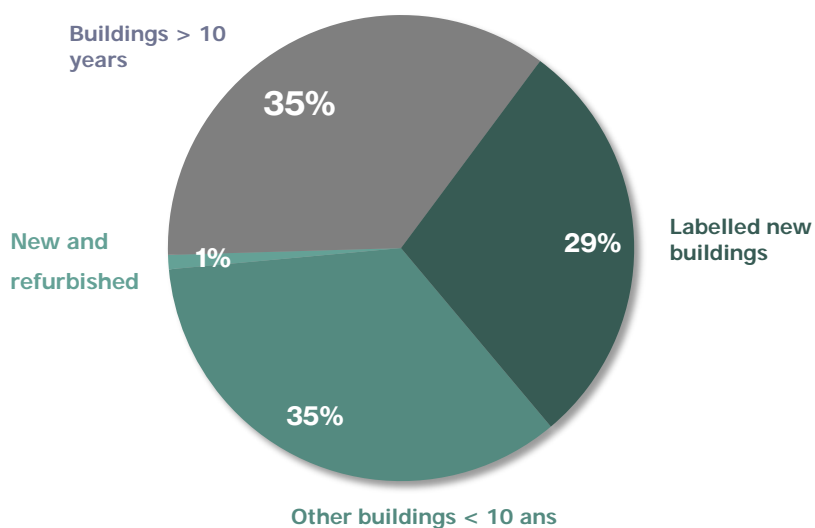


(1) EPRA topped-up yield (Net Initial Yield EPRA topped-up) : annual rent as at 31 December, not adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included

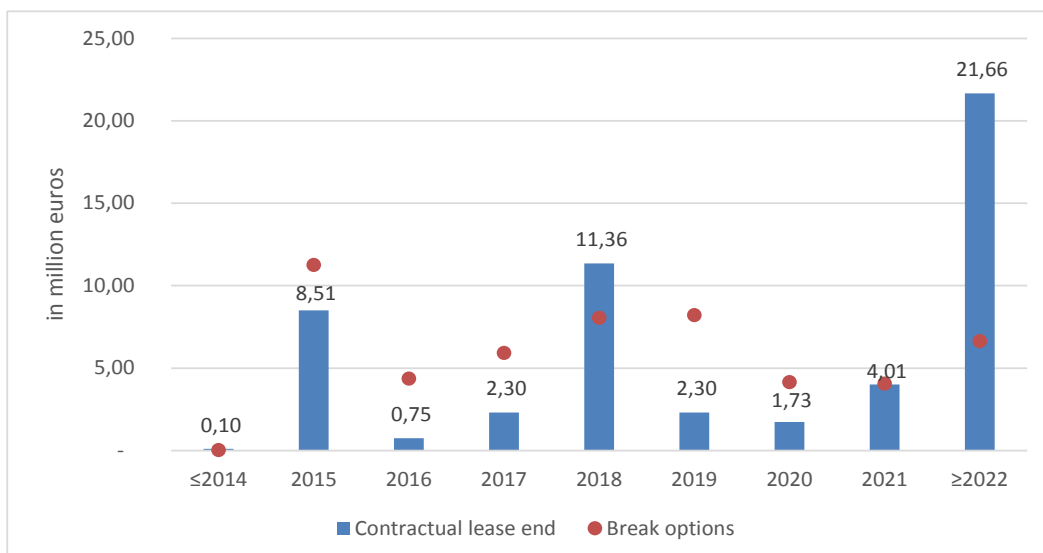
(2) EPRA yield (Net Initial Yield EPRA) : annual rent as at 31 December, adjusted for the rental concessions, net of service charges, divided by the portfolio valuation, transfer costs included

Buildings < 10 years : 65%

(in % of the net of transfer cost value)

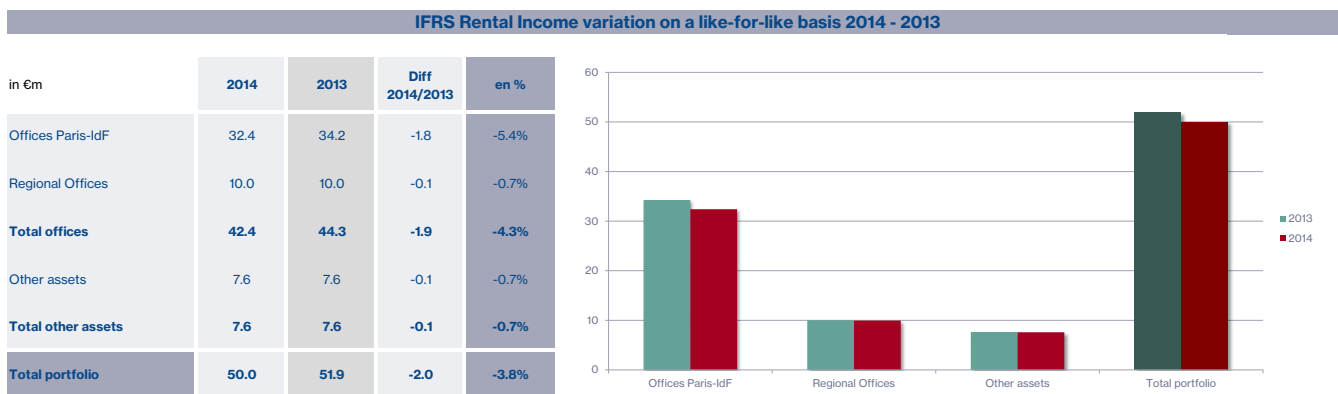
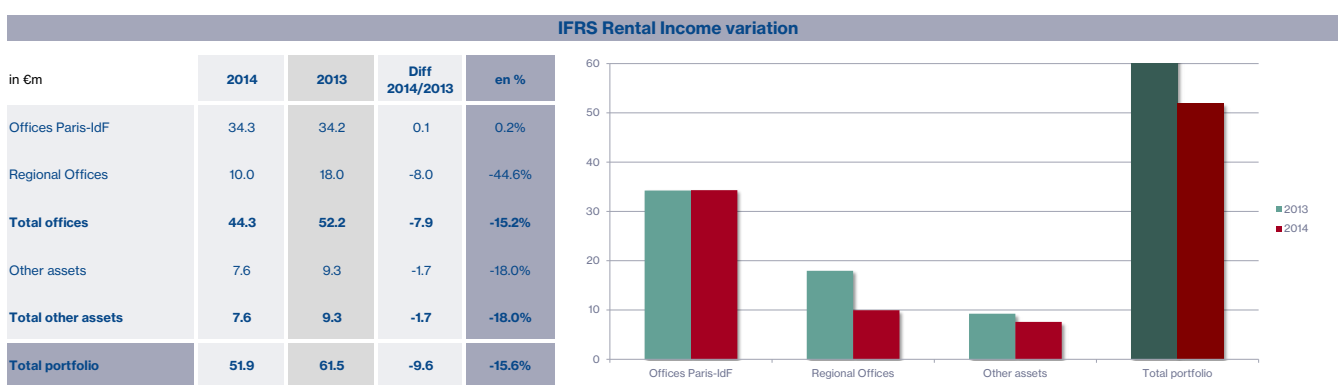


Average lease term maturity in €m



Rental income

Rental income variation



IFRS Rental income variation on a like-for-like basis = -3.8%	Impact of investments on Rental income variation : € +1.9 m / Impact of disposals on Rental income variation : € -9.6 m
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Financing

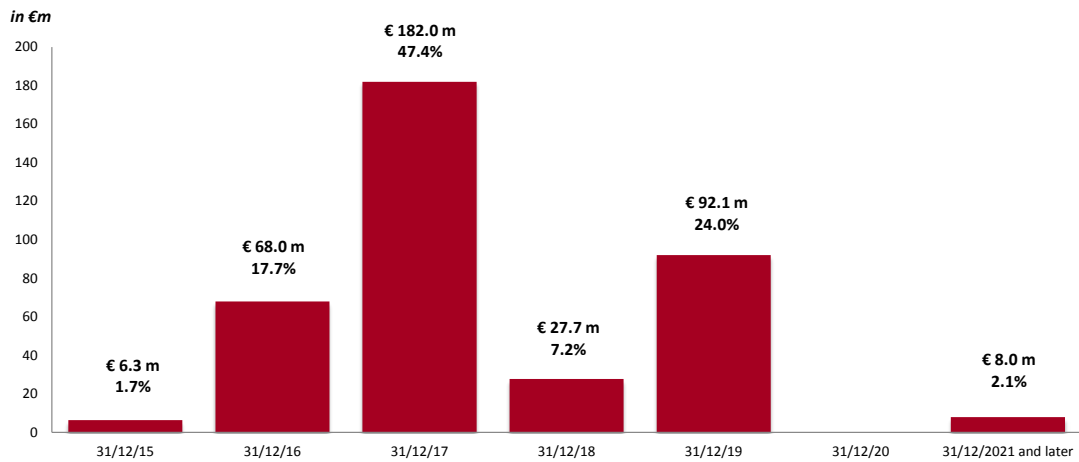
Debt maturity schedule

Summary as at 31 December 2014

Financial structure

Hedging

Debt maturity schedule as at 31 December 2014



Amount of the consolidated debt as at 31 December 2014 : € 384.1 m

Financing - Summary as at 31 December 2014

As at 31 December 2014	Net consolidated debt in €m	Maturity	
PPB bank pool	139.2	11/17	- Average financial cost 3.77%
SAAR LB	92.1	06/19	- Hedging 100%
Société Générale / Crédit Foncier	42.9	03/17	- Global net LTV 47.7%
BECM / Société Générale	14.9	04/18	- ICR global 246%
OTHERS	27.1		
Majority shareholder loan	68.0	10/16	
TOTAL GROSS CONSOLIDATED DEBT	384.2		
TOTAL NET CONSOLIDATED DEBT	369.6		

Financial structure ratios

in €m	31Dec2014	31Dec2013	31Dec2012
Shareholders' equity	362.7	356.2	370.7
Gross financial debt	384.1	348.5	514.6
Net financial debt	369.6	327.1	511.5
LTV (*)	47.7%	46.2%	55.9%
Average cost of finance	3.77%	3.9%	3.2%
Hedging	100%	100%	99%
Debt maturity	3.1 years	4.4 years	5.3 years
Group ICR (EBITDA / Financial cost)	2.5	2.3	2.7

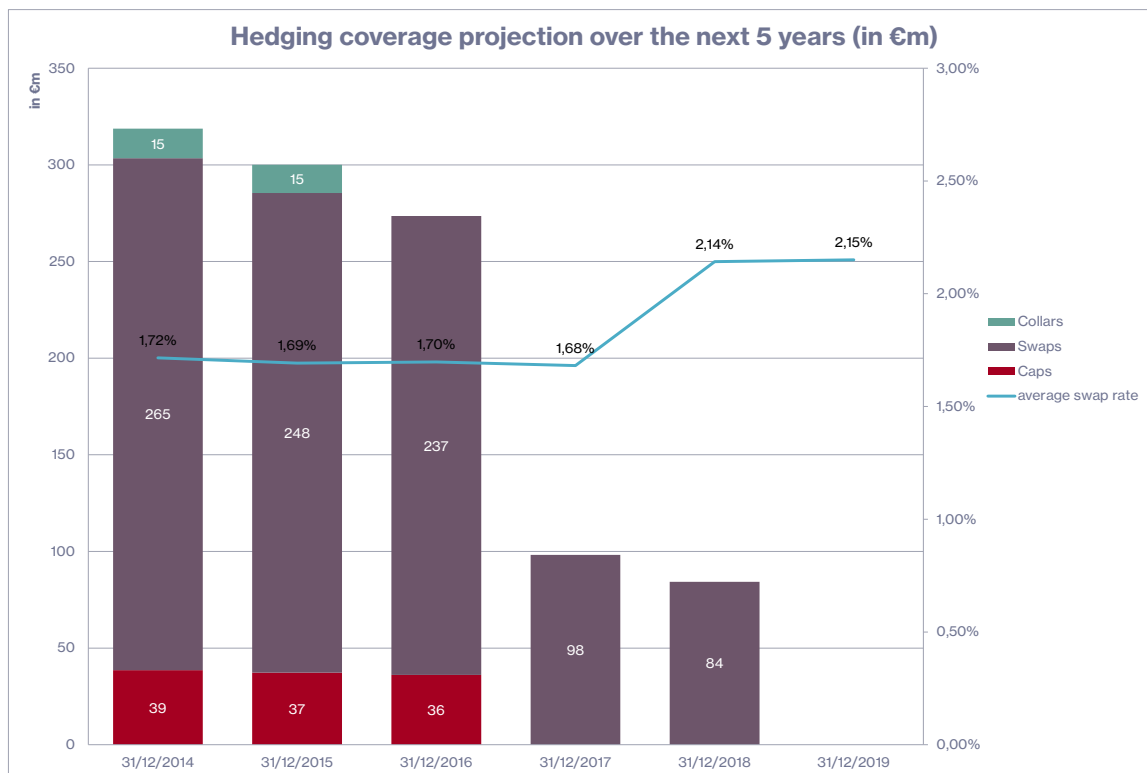
(*) From 2014 onwards, cash deposits have been deducted from the net consolidated debt to determine the Group's LTV ratio. These cash deposits amount to € 4.7 m as at 31 December 2014 and € 2.9m as at 31 Dec 2013) and are recorded in the balance sheet as other financial assets. They are fully owned by the Group but are used as an additional guarantee to one of its core banks.

	31 December 2014	31 Dec 2013
LTV	48.3%	46.7%
LTV after Cash Deposit adjustment	47.7%	46.2%

NB:

- Sensibility to a 100 bp increase to 3M Euribor on cost of debt : +€ 0.2 m (on a yearly basis)

Hedging - 31 December 2014



Hedging instruments notional as at 31 December 2014 : € 318.8m

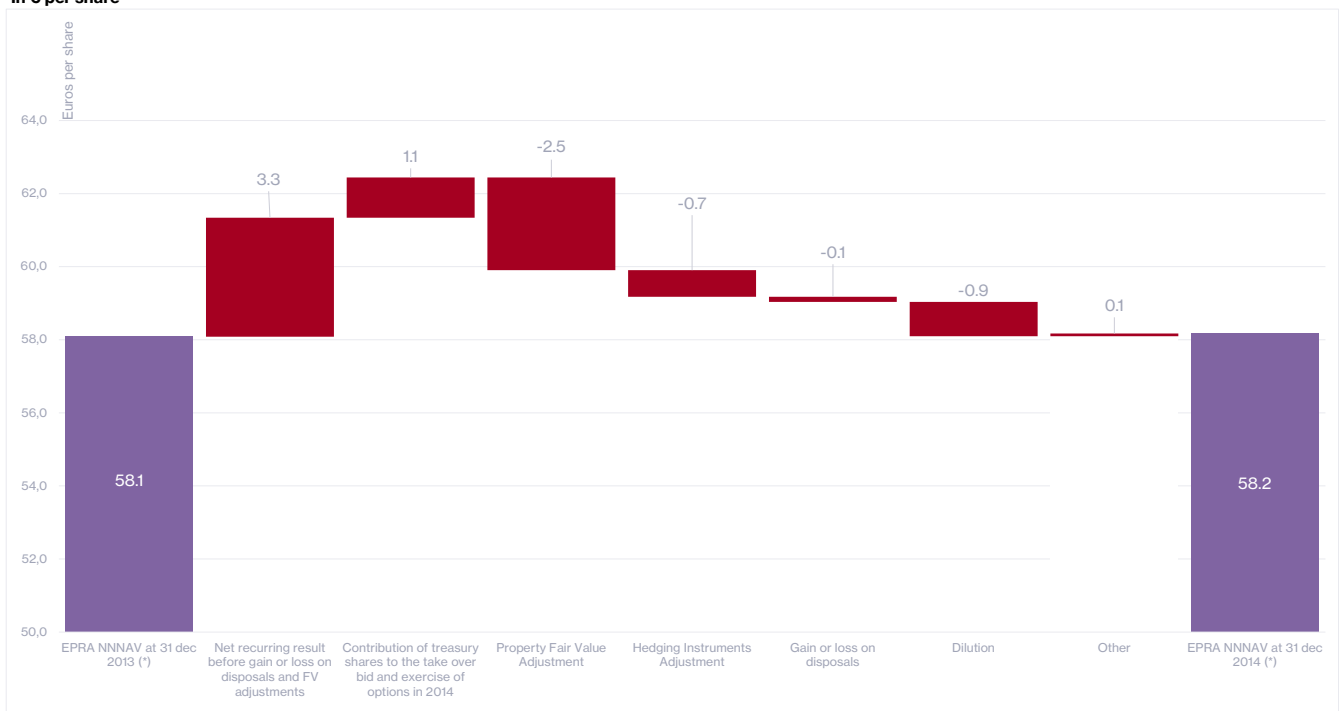
Difference with gross consolidated debt is primarily linked to the main shareholder's loan (€ 68m - fixed rate) and IFRS debt adjustment.

NAV

EPRA NNAV

Variation of EPRA NNAV from 31/12/2013 to 31/12/2014

In € per share



(*) Post-dilution total shares outstanding: 6 330 337 as at 31/12/2014, and 6 227 986 as at 31/12/2013

Cash flow and summarised financial statements

2014 Cash flow

Summarised consolidated accounts

Consolidated balance sheet and income statement

Corporate balance sheet and income statement

Recurring cash flow

in €m	2014	2013	Variation
Gross rental income	51.9	61.5	-15.6%
Recurring property operating expenses	-8.5	-9.6	-11.4%
Recurring corporate expenses	-2.9	-3.6	-18.6%
Net finance costs	-13.5	-18.8	-28.5%
Recurring cash flow	27.0	29.5	-8.4%
Recurring cash flow (in € / share *)	4.3	4.7	-9.6%

(*) number of shares as at 31/12/2014: 6 328 181, number of shares as at 31/12/2013: 6 253 916

Net consolidated result and EPRA earnings

in €m	2014			2013			Diff. EPRA (%)
	EPRA earnings	Non recurring	Result	EPRA earnings	Non recurring	Result	
Gross rental income	51.9		51.9	61.5		61.5	-15.6%
Property operating expenses (*)	-8.5	-1.0	-9.5	-9.6	-1.8	-11.4	
Corporate expenses	-3.4	-2.4	-5.8	-4.6	-1.8	-6.4	
Current operating income	40.0	-3.4	36.6	47.3	-3.6	43.7	-15.6%
% of rents	77.0%		70.5%	77.0%		71.1%	
Result from disposals		-0.9	-0.9		0.5	0.5	
Property fair value adjustment		-16.1	-16.1		-35.0	-35.0	
Other operating income and expenses	-0.5		-0.5	0.0	0.2	0.2	
Operating income	39.4	-20.3	19.1	47.4	-38.0	9.3	-16.7%
% of rents	76.0%		36.8%	77.1%		15.2%	
Net finance cost	-14.8		-14.8	-19.3		-19.3	
Other financial income and expenses		-5.2	-5.2		8.2	8.2	
Net financial results	-14.8	-5.2	-20.0	-19.3	8.2	-11.1	-23.0%
Profit/loss before tax	24.6	-25.5	-1.0	28.1	-29.9	-1.8	-12.5%
Tax	0.0		0.0	-0.1		-0.1	
Net profit / loss (Group share)	24.6	-25.5	-1.0	28.0	-29.9	-1.9	-12.1%
% of rents	47.4%		-1.8%	45.5%		-3.1%	
Net profit / loss (Group share) per share (**)	3.9	-4.0	-0.2	4.5	-4.8	-0.3	-13.2%

(*) including Tour Eiffel Asset Management costs

(**) number of shares as at 31/12/2014: 6 328 181 ; number of shares as at 31/12/2013: 6 253 916

Consolidated balance sheet

in €m	31Dec2014	31Dec2013
Assets		
Investment properties	754.9	692.4
Assets earmarked for disposal	10.2	8.6
Tangible fixed assets	0.0	0.0
Intangible fixed assets	0.0	0.0
Receivables	30.5	35.8
Cash and equivalent	14.8	21.7
Total ASSETS	810.4	758.5
LIABILITIES		
Share capital and reserves	362.7	356.2
of which result	-1.0	-1.9
Long term debt	384.1	348.5
Other liabilities	63.6	53.8
Total LIABILITIES	810.4	758.5